



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 26, 2007

H.R. 2992 **SBA Trade Programs Act of 2007**

As ordered reported by the House Committee on Small Business on July 19, 2007

SUMMARY

H.R. 2992 would require the Small Business Administration's (SBA's) Office of International Trade (OIT) to develop policies and programs to increase the capacity of small businesses to engage in trade with foreign countries. The bill also would authorize SBA to increase the number of trade finance specialists working in SBA's export assistance centers. Finally, the bill would make several changes to the 7(a) loan program to ease the financial requirements for loan guarantees to small businesses engaged in international trade. Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 2992 would cost \$2 million in 2008 and \$19 million over the 2008-2012 period. Enacting H.R. 2992 would not affect direct spending or revenues.

H.R. 2992 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no cost on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2992 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Additional Staff					
Estimated Authorization Level	3	3	3	3	3
Estimated Outlays	2	3	3	3	3
Tracking System					
Estimated Authorization Level	1	2	1	1	1
Estimated Outlays	*	2	1	1	1
Total					
Estimated Authorization Level	4	5	4	4	4
Estimated Outlays	2	5	4	4	4

NOTE: * = Less than \$500,000

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2992 will be enacted near the beginning of 2008, that appropriations will be provided in each fiscal year, and that spending will follow historical patterns. Based on information from SBA, CBO estimates that implementing H.R. 2992 would cost \$2 million in 2008 and \$19 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

Additional Staff

H.R. 2992 would direct SBA to fill certain positions, which support trade financing for small businesses, that have been vacant since 2003. Further, SBA would be required to increase the number of trade finance specialists working at its export assistance centers within a year of enactment of the bill. Based on information from SBA, CBO estimates that ten additional staff positions (four to fill vacancies plus six authorized by the bill) would cost \$1 million in 2008 and \$9 million over the 2008-2012 period.

The bill would require SBA's Office of International Trade to develop strategies and programs to aid small businesses that are engaged in or affected by international trade. Based on information from SBA, CBO expects that an additional seven positions would be added to the OIT to develop programs that provide technical assistance and counseling in

areas such as trade disputes and remedies as well as intellectual property protection. CBO estimates that the additional OIT staff would cost \$1 million in 2008 and \$5 million over the 2008-2012 period.

Tracking System

H.R. 2992 would require SBA to develop a system to track the volume of exports produced by small businesses. Based on information from SBA, CBO expects that the agency would test the tracking system using a pilot program in the first year, and move to full development of the system two years after enactment of the bill. CBO estimates that developing and maintaining the system would cost less than \$500,000 in 2008 and \$5 million over the 2008-2012 period.

SBA Loans

Finally, the bill would make changes to the 7(a) loan guarantee program, specifically, increasing the guarantee amount and the maximum loan limit for loans that would be used for international trade or foreign market development. Based on information from SBA, CBO expects that these more advantageous loan terms would not have a significant effect on the cost of the program because of the small number of international trade loans. Further, because the 7(a) program operates at a zero subsidy (that is, the estimated cost of providing loan guarantees is covered by fees charged to borrowers and lenders), CBO estimates that implementing these changes would have no significant effect on the budget.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2992 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no cost on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

Impact on State, Local, and Tribal Governments: Elizabeth Cove

Impact on the Private Sector: Jacob Kuipers

ESTIMATE APPROVED BY:

Robert A. Sunshine

Assistant Director for Budget Analysis